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MEMORANDUM FOR: Legislative Counsel

SUBJECT: Proposed Overseas Allowances Act of 1955, as revised.

1. The subject bill is a revision of the original draft which was reviewed by this Office earlier in this session of Congress (reference our memorandums to you dated 23 December 1954 and 28 February 1955).

2. The important changes are as follows:

a. The section relating to education allowances and transportation for educational purposes has been rewritten in substantially the same language as Public Law 22 (Foreign Service Act Amendments of 1955). This removes the requirement for five years' overseas service before an employee is eligible for the transportation benefits. Also, the Act provides for paying educational transportation costs for personnel assigned to the Panama Canal Zone. Education allowances are not to be paid to personnel assigned to territories. This coverage has never been considered in any draft of the bill, and the White House Task Force states that no agency has shown a need for such an allowance in territorial areas. With respect to education allowances, we should like to point out, however, that the Task Force evidently takes the position that the authority to pay such allowances is presently available to all agencies whose allowance authority stems from the Appropriation Acts which provide for payment of cost of living allowances "similar to" Section 901 (2) of the Foreign Service Act. (See Section 221 (4), page 6, of the attachment entitled "Analysis of the Proposed Overseas Allowance Act of 1955", and the beginning paragraph on page 8 of the attachment entitled "Allowances and Differentials", dated 14 June 1955.) Since the CIA Act specifically authorizes cost of living allowances in conformance with Section 901(2) of the Foreign Service Act, it appears that the Task Force would take the position that CIA presently has the authority to pay education allowances. This may be a very important consideration since at this late date there is some doubt as to whether the subject bill will be passed during this session of Congress.

b. The storage provisions of the CIA Act and the Foreign Service Act are amended to broaden this coverage, and the Administrative Expenses Act of 1946 is amended to extend like storage benefits to all overseas personnel (includes personnel in territories).

c. The sections relating to representation and official residences are rewritten by amending the Administrative Expenses Act of 1946 to cover both as administrative expenses applicable to all Government personnel in foreign areas in lieu of treating them as allowances. This appears to be a much more realistic approach.

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d. The sections relating to the territories have been revised to authorize a new "prevailing rate" differential. It is payable in those territorial areas where local prevailing wage rates are higher than the rates of basic compensation fixed by statutes for certain types of work. It is intended primarily to be used for locally-recruited employees. The Act further provides for the discontinuation of the payment of territorial cost of living allowances to such employees within one year. Since local residents in most territorial areas are United States citizens, it appears to this Office that the proposed revisions are the logical and appropriate way of handling employees recruited locally as differentiated from those recruited in the States.

e. A section has been added to the Act to authorize the President to extend coverage of the Act to the Canal Zone either as a foreign area or as a territory if present independent authority for additional compensation is terminated.

f. The definition of "employee" has been broadened to include civilians in the service of the Government as defined in Presidential regulations. The transmittal material states that this change was made in order to make it possible to designate specifically any groups about which a question of coverage might be raised.

3. This Office finds nothing objectionable in the proposed revisions to the subject bill and we, therefore, recommend that CIA support its passage in its revised form, provided our special authorities are in no way delimited thereby or by the regulations which will be issued thereunder. On the basis of the Memorandum for the Record from the General Counsel dated 19 January 1955, it would appear that we are covered on this point. However, it may still be expedient to make our concurrence in the proposed bill subject to this proviso since the Memorandum for the Record was the result of informal discussions only. In addition, we should also like to note at this juncture that our reviews of the proposed bill in its various forms have only been geared to a comparison of the proposed legislation with existing legislation and our special authorities. We have not considered recommending extensions or broader coverage in the general legislation.

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Harrison G. Reynolds  
Director of Personnel

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Approved For Release 2001/03/01 : CIA-RDP5

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**FROM:**

Director of Personnel

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28 June 1955

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FORM NO. 51-10  
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